

ATTACHMENT A

**A RESOLUTION APPROVING A LOAN FROM THE CARRBORO REVOLVING
LOAN FUND FOR CYCLE 9, LLC
Resolution No. 68/2008-09**

WHEREAS, the Town of Carrboro established A revolving loan fund in 1986 to provide incentives for individuals to start new businesses in the Town of Carrboro, create at least one job per \$10,000 borrowed from the fund and provide an incentive for people to do business in the Town of Carrboro ; and

WHEREAS, the fund now has \$356,468 available to be loaned to applicants with viable projects; and

WHEREAS, the applicant has completed the loan application and that loan application has been reviewed by the loan packager reviewer (SBTDC) and found this project to be a new business; and

WHEREAS, the Economic Sustainability Commission (ESC) and the SBTDC found the project to eligible for the fund and will create at least eight (8) jobs over a six year period; and

WHEREAS, the applicant has requested a loan in the amount of \$68,540 and provided collateral in their personal residence located at Wild Turkey Trail, inventory purchased with the loan proceeds and their personal signatures; and

WHEREAS, they have invested \$75,000 of their personal funds in the venture; and

WHEREAS, the unexpended reserve expenditure budget is reduced by \$68,540 to consummate the loan.

**NOW THEREFORE, THE CARRBORO MAYOR AND BOARD OF ALDERMEN
RESOLVES THAT:**

Based upon the review of the application by the SBTDC (Loan Packager) and the recommendation of the ESC, the loan is approved in the amount of \$68,540 for seven (7) years at an interest rate of 3%.

**APPLICATION FOR
CARRBORO
REVOLVING LOAN
FUND (CRLF)**



Town of Carrboro
Post Office Box 829
301 W. Main Street
Carrboro, North Carolina 27510
919-942-8541

INSTRUCTIONS: Please read the Revolving Loan Description and Criteria before completing this application. It is important that you fill out all sections of this application completely. Questions regarding this application or the application process should be directed to the Town's Community and Economic Development Officer.

NAME OF APPLICANT: Cycle 9, LLC DATE: 11-14-2008
(Legal name of firm)

NUMBER OF YEARS IN OPERATION: 1.5 CORPORATION PARTNERSHIP SOLE PROPRIETORSHIP

EMPLOYER ID #: _____ PRIVILEGE LICENSE #: TBD

ADDRESS OF APPLICANT: 601-D W. Main St., Carrboro (starting Dec 1)

LOCATION OF PROJECT (IF DIFFERENT FROM ABOVE): SAME

PHONE NUMBER: 919-636-5909 CONTACT PERSON: Elise Giddings - Owner
Name and Position

AMOUNT OF LOAN REQUEST: \$68,540 TERM REQUESTED: 7 yrs

BRIEFLY DESCRIBE THE FOLLOWING ASPECTS OF YOUR BUSINESS. (You may attach separate sheets or provide a written history and description of your business if you wish.)

WHAT TYPE OF BUSINESS DO YOU OWN OR ARE YOU PROPOSING? * Please see attached business plan

We sell and repair bicycles for transportation

WHAT ARE YOUR MARKETS? _____

DESCRIBE SOME OF THE TRENDS AND THE DEVELOPMENT OF YOUR BUSINESS: _____

WHAT EFFECT WILL THE PROPOSED PROJECT HAVE ON THE COMPANY: _____

The Carrboro loan funds will allow us to grow and expand the business to provide more employment and tax dollars for the town. See plan for details

WHAT SIZE FACILITY ARE YOU IN? WHERE IS IT LOCATED? DO YOU PLAN TO MOVE AS PART OF THE PROPOSED PROJECT?: Beginning Dec 1, we will be @ 601 W. Main Street, useable space of approx 1300 square feet

IF YOU ARE LEASING, OR PLAN TO LEASE, DESCRIBE THE TERMS OF YOUR LEASE (RENT AND LENGTH OF LEASE):

Please see copy of lease enclosed. Our rental term is 3 yrs with 2 additional 3-yr term options. Our rent is \$2,522.80 per month or \$20.10 per sq. ft. Our lease has a clause which will open negotiation on rental rates if prevailing rents drop. We have many other favorable amenities with this lease and property.

THE PROPOSED PROJECT

BRIEFLY DESCRIBE THE SCOPE OF THE PROPOSED PROJECT: Please see plan attached

PROJECTS INVOLVING REAL ESTATE OWNED OR TO BE OWNED BY THE APPLICANT:

DOES THE PROJECT INVOLVE THE PURCHASE OF LAND AND/OR BUILDING? YES NO
PURCHASE PRICE: _____

DOES THE PROJECT INVOLVE THE CONSTRUCTION OF A NEW BUILDING? YES NO
CONSTRUCTION COST ESTIMATE: _____

DOES THE PROJECT INVOLVE THE EXPANSION, RENOVATION OF, OR ADDITION TO AN EXISTING BUILDING? YES NO
CONSTRUCTION COST ESTIMATE: _____

PROJECTS INVOLVING LEASEHOLD IMPROVEMENTS:

COST ESTIMATES FOR LEASEHOLD IMPROVEMENTS: These will not be included in the project

PROJECTS INVOLVING PURCHASE OF FURNITURE, FIXTURES AND EQUIPMENT:

ESTIMATED TOTAL COST OF PURCHASES: Equipment and inventory will be purchased

IMPACT AND CRLF OBJECTIVES:

HOW MANY PERMANENT JOBS WILL BE CREATED BY THIS PROJECT: 8 Jobs
FULL TIME: 8 PART-TIME: 2
PROJECTED NUMBER OF THESE POSITIONS TO BE FILLED BY MINORITIES: Depends on applicants
PROJECTED NUMBER OF THESE POSITIONS TO BE FILLED BY FEMALES: " "

WILL AT LEAST 51% OF THESE JOBS BE PROVIDED TO LOW AND MODERATE INCOME PERSONS? YES NO

HOW MANY PERMANENT JOBS WILL BE SAVED BY THIS PROJECT: FULL TIME: 1 PART-TIME: 2
NUMBER OF THESE POSITIONS FILLED BY MINORITIES: _____
NUMBER OF THESE POSITIONS FILLED BY FEMALES: 1

ARE AT LEAST 51% OF THESE JOBS PROVIDED TO LOW AND MODERATE INCOME PERSONS? YES NO

LOW AND MODERATE INCOME IS DEFINED AS GROSS INCOME FOR FAMILY NOT EXCEEDING 80% OF THE MEDIAN FOR THE RESPECTIVE FAMILY SIZE FOR THE RALEIGH-DURHAM MSA AS ESTABLISHED FROM TIME TO TIME BY HUD. PLEASE CONSULT THE TOWN TO OBTAIN THESE THRESHOLDS. HAVE YOU REVIEW THIS INFORMATION? YES NO

DO YOU AGREE TO COMPLY WITH TITLE I REQUIREMENTS (ENVIRONMENTAL AND DAVIS-BACON ACT) AND ALL CIVIL RIGHTS REQUIREMENTS? YES NO

EXPLAIN WHY YOU ARE SEEKING THESE FUNDS FROM CARRBORO AND WHY THEY ARE NOT AVAILABLE THROUGH OTHER SOURCES; EXPLAIN WHY THE PROJECT WOULD NOT BE POSSIBLE WITHOUT CRLF PARTICIPATION:

Currently, the business has been financed 100% through private funds of the owners. In order to expand, we need to go beyond our resources. In today's environment, bank lending is very scarce, especially for newer businesses.

IS THE PROJECT WITHIN THE CITY LIMITS? YES NO

IS THE PROJECT WITHIN THE DOWNTOWN BUSINESS DISTRICT? YES NO ? Not sure

HOW IS THE SITE ZONED? Retail / Office

LOAN TERMS AND CONDITIONS

LIST OTHER SOURCES OF FINANCING TO BE INVOLVED, AND AMOUNT TO BE PROVIDED (INCLUDE EQUITY CONTRIBUTIONS FROM THE APPLICANT'S RESOURCES):

- 1) Equity invested to date approx \$50,000
Additional equity investment of \$5-\$10,000 may be necessary
- 2) Business line backed by personal guarantee \$25,000
- 3)

DESCRIBE YOUR NEEDED TERMS OF THE REVOLVING LOAN FUND LOAN: We are requesting a 7-year term at 3% interest rate

DO YOU UNDERSTAND THAT THE CRLF LOAN WILL BE SECURED BY A NOTE AND DEED OF TRUST ON REAL ESTATE AND SECURITY AGREEMENT ON EQUIPMENT, AND THAT PERSONAL GUARANTEES WILL BE REQUIRED? YES NO

HAVE THE APPLICANT FIRM OR ANY OWNER OF MORE THAN 20% OF THE COMPANY, OR ANY GUARANTOR EVER BEEN ADJUDGED BANKRUPT, FILED FOR BANKRUPTCY, PROTECTION FROM CREDITORS, OR RE-ORGANIZED UNDER THE BANKRUPTCY LAWS? YES NO

AS _____ (TITLE) OF _____

I CERTIFY THAT THE INFORMATION PROVIDED IN THIS APPLICATION AND IN DOCUMENTS AND EXHIBITS PROVIDED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I FURTHER COMMIT TO THE FOLLOWING ACTIONS, AS DESCRIBED MORE FULLY IN THE PROJECT APPLICATION:

- A) UNDERTAKE AND CARRY OUT THE PROJECT AS DESCRIBED IN THE PROJECT APPLICATION, AND DOCUMENTS AND EXHIBITS PROVIDED,
- B) CREATED A MINIMUM OF 4 JOBS WITH 2 FOR LOW AND MODERATE INCOME PERSONS AND OBTAIN THE LEVEL OF JOBS INDICATED ABOVE BY: _____
- C) RETAIN A MINIMUM OF 3 JOBS WITH 2 FOR LOW AND MODERATE INCOME PERSONS,

- D) SUBMIT QUARTERLY EMPLOYMENT REPORTS TO THE TOWN SHOWING THE NUMBER OF JOBS CREATED OR RETAINED WHICH WOULD OTHERWISE HAVE BEEN LOST, AT LEAST 51% OF WHICH ARE LOW TO MODERATE INCOME POSITIONS,
- E) PROVIDE THE TOWN WITH NECESSARY INFORMATION FOR COMPLETING REQUIRED REPORTS,
- F) MAKE ALL RELEVANT RECORDS AVAILABLE TO THE TOWN AND STATE UPON REQUEST,
- G) BEGIN PROJECT ACTIVITIES ONLY FOLLOWING EXECUTION OF A LEGALLY BIDDING COMMITMENT BETWEEN THE TOWN AND THE APPLICANT AND THE RELEASE OF OTHER CONDITIONS, IF ANY, PLACED ON THE LOAN BY THE TOWN OF CARRBORO,
- H) COMPLETE PROJECT ACTIVITIES BY NO LATER THAN JAN 2010
- I) SECURE AND OBTAIN ADDITIONAL LOAN FUNDS IN THE AMOUNT OF \$ 25,000 AS DESCRIBED IN THIS APPLICATION, AND Already Obtained
- J) PROVIDE \$ 50,000 Already invested IN EQUITY FROM THE APPLICANT'S OWN RESOURCES FOR THE PROJECT AND COVER ANY COST OVERRUNS IN THE PROJECT FROM APPLICANTS OWN RESOURCES.

MY FIRM IS COMMITTED TO UNDERTAKE THIS PROJECT, AND BUT FOR THE PROVISION OF THE CDBG ASSISTANT, THIS PROJECT WILL NOT BE UNDERTAKEN:

<p>PARTNERSHIP AND SOLE PROPRIETORSHIPS</p> <p>SIGNED: <u><i>Glenn Giddings</i></u></p> <p>TITLE: <u>Owner/Manager</u></p> <p>DATE: <u>11-14-2008</u></p>	<p>CORPORATIONS</p> <p>BY: _____ Name President</p> <p>ATTEST: _____ Secretary</p> <p>(SEAL)</p> <p>DATE: _____</p>
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BELOW, PLEASE LIST ALL OF THE FOLLOWING: ANY OWNER OF 20% OR MORE OF A CORPORATION AND ALL OFFICERS OF THE CORPORATION; ALL PARTNERS; THE SOLE PROPRIETOR.

<u>Elise Giddings - Manager</u>	<u><i>Elise Giddings</i></u>	<u>50</u>
Print Name & Title	Signature	% owned
<u>Morgan Giddings - Technical Specialist</u>	<u><i>Morgan Giddings</i></u>	<u>50</u>
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned

UNC-SBTDC LOAN PREPARATION PKG.# 03-08CLIENT NAME: Elise/Morgan GiddingsBUSINESS NAME: Cycle 9, LLCCOUNSELOR: Ron Finitch**CASE SUMMARY**

Cycle 9, LLC is a newly relocated retail electric bike store located at 601 West Main Street. The company is owned and operated by Elise and Morgan Giddings. The Giddings' started the retail business 10 months ago and recently obtained the Carrboro location to increase the size and to bring the store in from its obscure beginning location (White Cross).

The Giddings' are still in the start-up phase of the business, but have seen sales in excess of \$70,000 in the first few months of operation. The new location will allow for a larger selection of ready to ride bikes and a service and repair operation.

At this time, the Giddings' are seeking a loan in the amount of \$68,540. All of the loan will be utilized to purchase inventory and equipment. No loan funds will be used for the upfit of the new space or relocation costs. The increase in inventory will allow the business to stock electric bikes for sale, assemble motors on clients' bikes, and repair existing electric bicycles. The new location will give the business prime visibility and accessibility for their clients. At the same time, it is occupying a building that has been vacant for quite some time.

The Loan Committee should look carefully at several items in the loan package. Firstly, the applicants have significant net worth and equity in their real estate to collateralize the loan. Additional collateral is available through the store inventory. Secondly, the business seems to fit the type of business Carrboro is seeking as it is a green business.

The committee should also consider the fact that the Giddings' have two other Lines Of Credit open at this time. They also are projecting rapid growth in a fairly new and unproven industry at a difficult time for retail.

They have worked closely with the SBTDC for the past several months and have been willing to listen to advice and make changes in their business to allow for continued success.


 SBTDC Counselor Signature

11/18/08
 Date

CRLF-Attachment I of V

Memo

To: Mayor and Board of Aldermen
From: Peter Lee, Chair ESC
CC: James Harris, Director Economic and Community Development
Date: 2/5/2009
Re: ESC Recommendations for Loan Request from the RLF

On December 10th 2008 the ESC reviewed three Revolving Loan Fund applications. The action taken on the loan requests was as follows:

1. The Original Ornament, Inc. - Motion to recommend approval of the loan to the Board of Aldermen for the Original Ornament in the amount of \$70,000 for a term of six (6) years at 3% to expand the current business was made by Ellie Kinnaird and seconded by Alena Callimanis. Peter Lee, Jefferson Parker, Alena Callimanis, Ellie Kinnaird, voted yes, Nathan Milian, and Gary Kramling abstained, No -0-
2. Cycle 9, LLC- Motion to recommend approval of the loan to the Board of Aldermen was made by Nathan Milian, and seconded Alena Callimanis for a loan in the amount of \$68,540 for a term of seven (7) years at an interest rate of 3% to expand the current business. Ayes Ellie Kinnaird, Alena Callimanis, Peter Lee, Jefferson Parker, Nathan Milian, and Gary Kramling. Nays 0
3. The Fringe DBA/ The Beehive- Motion to recommend approval of the loan the Board of Aldermen was made by Ellie Kinnaird and seconded Nathan Milian for a loan in the amount of \$50,000 for a term of eight years at an interest rate of 3% to expand the business. Ayes Ellie Kinnaird, Alena Callimanis, Peter Lee, Jefferson Parker, Nathan Milian, Gary Kramling, Nays 0

Maturity Report for Loan Funds--ACTIVE ACCOUNTS

Loan ID	Borrower	Business Name	Maturity Date	Loan Amount	Principal Balance
Revolving Loan Fund					
Subfund R1					
113	Paul Finn	Acme Food & Beverage	6/1/2008	\$46,110.32	\$0.00
104	Sara Hammond	The Printery	2/1/2008	\$6,459.00	\$2,757.66
128	Arthur Ramsey	Blu Icon	1/10/2012	\$18,000.00	\$11,574.57
125	Gary Duncan	Science Technologies	3/1/2012	\$35,000.00	\$24,204.50
130	Laurin Stennis	Cycling Specifics	7/1/2012	\$45,000.00	\$13,338.89
127	Bryan Gibson	Bryan's Guitar & Music	8/1/2014	\$90,000.00	\$65,571.75
116	Ranova Pendegraft	Alphabet Soup	3/21/2021	\$48,000.00	\$31,412.55
Subtotal for 7 loans in Revolving Loan Fund				\$288,569.32	\$148,859.92